



February 16, 2021

Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th St and Constitution Ave NW
Washington, CD 02551

Re: Community Reinvestment Act ANPR

Dear Madam:

BankFive is a community bank that has been serving the Southcoast region of Massachusetts and Rhode Island since 1855. With an asset size of \$1.2 billion as of 12/31/2020, BankFive is committed to serving its diverse local community. We would like to thank the Federal Reserve Board for their leadership and hard work to draft the current Community Reinvestment Act (CRA) proposal. CRA regulation and supervision have become overly complex and unpredictable, and has not kept up with the way consumers use technology to access financial products and services. The need to update CRA has existed for years and will grow more pressing as technology and the financial services industry continue to evolve.

We encourage the Board to engage in further collaboration and discussion with the OCC and FDIC to develop a final CRA rule issued on an interagency basis that is more modern and consistent in its approach. In addition, BankFive is a Massachusetts state chartered bank and it would be beneficial for examination criteria to be consistent across all regulatory agencies.

We appreciate the opportunity to provide constructive feedback addressing our overall concerns as follows:

Changes to Assessment Area – With the rise of satellite loan originators, loan production offices (LPOs) set up outside of traditional assessment areas, and online loan applications, there is a need to redefine “assessment areas” in the regulation. Community banks, like BankFive, have increased loan originations due to LPOs being located outside the Bank’s defined assessment area. The Bank strives to continue satisfactory performance through lending and other CRA-qualified activities, however, the reliance on analyzing loan distribution within the assessment area as a performance measurement is something that community banks struggle with. We urge the regulatory agencies to redefine the traditional assessment area performance context, whether it be through creating a Loan-Based Assessment Area or eliminating the In/Out ratio, to modernize the regulation in the current lending landscape. Alternatively, allowing for “sub-assessment areas” where LPOs are located would enable banks’ “in” ratios to be more in line with actual practices rather than being penalized for doing business on a widespread scale.

Community Development Service Subtest – Current CRA regulations qualify only certain types of volunteer activities. BankFive is located in an area that includes a large number of low- or moderate- income (LMI) families. These families benefit from a variety of community development efforts made by the bank that would not qualify under the current regulation. For example, the bank participates in many food drives and soup kitchens where time is spent collecting and organizing food for LMI families. While these activities do not have a provision of financial



services or a primary purpose of community development, they are vital in assisting members of our community. Additionally, the bank participates in Junior Achievement and Credit for Life activities in several schools in our assessment area that do not qualify for CRA credit due to their location. All school age children, regardless of their family income, benefit from financial literacy education.

Qualifying Activities – Under the current regulation, investments made to state-wide organizations may not receive CRA credit as these investments benefit both LMI and non-LMI census tracts within the state. Credit should be given for these investments, in whole or in part, depending on the location and usage within the state. In addition, some organizations, such as the YMCA, do not qualify for CRA credit due to their location, while others do. For example, a YMCA bond in the town of Swansea, Ma. would not count, whereas a YMCA bond in the city of Fall River, Ma. would count. As stated in the YMCA's mission statement, "The YMCA of Central Massachusetts is an association united in a common goal to strengthen our communities and to develop the spirit, mind and body of all persons, regardless of means, through activities guided by and based upon our core values of caring, honesty, respect and responsibility."

BankFive appreciates the efforts put forward by the Board and believe that this proposal serves as an important starting point for an interagency rulemaking that will strengthen CRA. We would like to thank you for the opportunity to offer our comments as well as your considerations for them.

Sincerely,

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